

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE BAYOU HEDGE FUND LITIGATION

MDL No. 1755 (CM)

THIS DOCUMENT RELATES TO

SOUTH CHERRY STREET LLC,

Plaintiff,

-against-

06 Civ. 2943 (CM)

HENNESSEE GROUP LLC, et al.,

Defendants.

RESPONSE TO MOTION FOR REARGUMENT

McMahon, J.:

I today received a letter seeking "clarification" of this court's order, dated December 5, 2006, which denied the motion by defendants to stay this action and to compel arbitration.

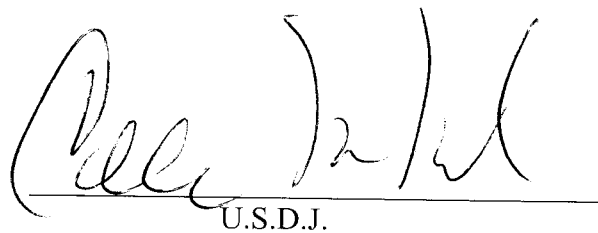
I see nothing in the order that requires clarification. I concluded that South Cherry was not party to the Agreement signed by Craig Bollman, who had neither actual nor apparent authority to bind it to that Agreement. Therefore, South Cherry was not bound by the arbitration clause contained in that agreement.

In essence defendants have moved for reargument, claiming that this court failed to address an argument raised in their objections to Judge Fox's order: whether or not it was a party to the Agreement, South Cherry ratified the agreement by accepting benefits thereunder and so is estopped to deny the arbitration clause.

Under Local Rule 6.3 of this Court, the motion for reargument is timely.

Plaintiffs have three business days from today to respond in writing to the motion for reargument. No reply papers will be accepted.

Dated: December 18, 2006



A handwritten signature in black ink, appearing to read "Peter J. Hall", is written over a horizontal line. Below the line, the text "U.S.D.J." is printed.

U.S.D.J.

BY FAX TO ALL COUNSEL